

~~ON PAGE~~

NEWSWEEK

20 April 1987

New Doubts About Meese and the Contra Inquiry

Did he choose not to see the evidence?

It was the only question that flustered FBI Director William Webster. Why, a senator demanded, had "no red light flashed" when Attorney General Edwin Meese III refused Webster's offer to use the FBI to investigate the Iran-contra scandal? Testifying at his confirmation hearing to become CIA director, Webster could only admit: "I did not see it. You can fault me for not seeing it, but I didn't see it."

Webster was hardly faulted at all; he is almost sure to be confirmed for the CIA job after the Senate returns from Easter vacation. But the unchallenged implication that Meese might have something to hide was one more note in a growing chorus of doubt about the attorney general's role in the Iran-contra affair. Almost from the beginning, critics have blamed him for the informality of his original inquiry and for giving North time to shred and alter key documents. He has also come under fire for consenting when former national-security adviser John Poindexter asked him to delay an FBI investigation of Southern Air Transport after a contra supply plane crashed last October. And in recent weeks a new set of questions has emerged. Why did Meese take a personal interest in his Miami office's inquiry into gunrunning to the contras in the spring of 1986? And why did the U.S. attorney in Miami overrule the recommendations of the FBI and his own assistant to call a grand jury on that inquiry, which could have uncovered North's supply network months before it became obvious?

Ollie's files: Meese and his defenders have repeatedly denied that he was part of any cover-up, and the federal attorneys in Miami say they were never pressured to drop the case. But the congressional Iran committees and special prosecutor Lawrence Walsh are known to be looking into the handling of the investigation, and even Webster sought delicately last week to put some distance between himself and his boss on the issue. At best, Meese and his department showed a clear lack of enthusiasm for pursuing a case that turned out to be politically embarrassing. At worst, the investigators might find obstruction of justice. NEWSWEEK has learned that North was sent copies of FBI files about the contra network, in effect letting him monitor the investigation of his own activities, and wasn't cut out of this loop until last Oct. 30.

From the time Congress cut off CIA co-

vert aid to the contras and banned U.S. military help for them in 1984, the Reagan administration made no secret of its encouragement of private help for the rebels. But if arms were sent privately from the States, it would be a violation of the Neutrality Act, among other laws; and if the government played an active part in supplying weapons, it would almost surely be a violation of the congressional ban, the Boland amendment. Stories of gunrunning operations began appearing early in 1985, and suspicions of a White House role came early, too: friends of North say he was interviewed several times by the Justice Department in the spring of 1985 about both laws. Nothing came of the inquiry, but in fact, his network was already at work.

The first evidence of that turned up in April 1985 with a fiasco in Costa Rica involving North's private operative, Robert W. Owen, and John Hull, an American-born farmer living in Costa Rica who has denied working for the CIA. The two allegedly aimed to set up a southern base for the contras, but some of their recruits were implicated in raids in Nicaragua and were jailed for violating Costa Rica's neutrality. One of the five arrested, a mercenary named Peter Glibbery, said Hull had once been telephoned by a "friend on the NSC." (Hull later denied getting such a call, and North said he didn't recall making it.)

In July another mercenary, Steven Carr,

told of flying with a secret arms shipment for the contras on March 6, 1985, from Florida to Ilopango military air base in El Salvador. Beginning in late 1984 informants had been telling FBI agents of efforts to help the contras. But Carr's story set off a real investigation, and early in 1986 a Cuban-American contra backer, Jesús García, told the agents a lurid story of a plot to kill U.S. Ambassador Lewis Tambs in Costa Rica, blame Nicaraguan agents and thus create a pretext for a U.S. war on Nicaragua. With that, the U.S. attorney in Miami, Leon Kellner, sent an assistant, Jeffrey Feldman, with two FBI men to find out what was going on in Costa Rica.

Money trail: Feldman talked to Ambassador Tambs and the CIA station chief, Joe Fernández; he also interviewed the jailed mercenaries. He tried to interview expatriate farmer Hull, but the U.S. consul general in San José had advised Hull not to talk to Feldman without a lawyer present. But mercenaries Carr and Glibbery told Feldman that Hull had boasted in April 1985 that he got \$10,000 a month for the contras from the NSC, and a third mercenary said Hull told him that U.S. supplies were being airdropped to his ranch for the contras.

While Feldman was in Costa Rica, a bill to provide \$100 million in aid for the contras was being hotly debated in Congress. Meese turned up in Miami to visit two wounded FBI agents and asked Kellner about the investigation. Kellner denies that he saw this as pressure to ease off, and indeed, after Feldman and the two FBI men returned, Kellner initially agreed with their recommendation to call a grand jury. But after a meeting in Kellner's office with Richard Gregorie, Feldman's immediate superior in the criminal section, Feldman and Kellner reconsidered. A grand jury, their report concluded, would be only "a fishing expedition."

What changed their minds? Another as-

Continued



BRUCE HOERTEL
A red light? Webster 'didn't see it'

sistant in Kellner's office has quoted him as complaining, "I'm under a lot of pressure from Washington . . . I want this to go very, very slow." But Kellner denies making any such statement, and Feldman insisted last week: "There was never an ounce of pressure put on me during this period."

Further work on the case was promised, but it languished all summer—according to Gregorie, because of a shortage of attorneys. It wasn't until October, when Nicaraguans shot down a cargo plane and captured mercenary Eugene Hasenfus, that the network became too obvious to ignore. The files were reactivated. A grand jury was convened in November; five months later,

no indictments have been handed down.

Should Meese and his men have pressed harder for the truth? In hindsight, Webster testified last week, he had had "some anxiety" about North's gung-ho attitude and "tunnel vision." But it wasn't until Oct. 31, more than three weeks after Hasenfus's plane crashed, that Webster got a memo warning that North might come under investigation, and the FBI blocked North from getting copies of its investigative reports. When Meese began his personal investigation of the Iran arms deal, Webster offered the FBI's services, but Meese saw no criminal activity, and Webster went along; the FBI entered the case only later.

And Webster let it be known last week that when Meese discovered that North had been diverting profits to the contras, Webster advised him that he should remove himself from the case, since he had approved the original decision to send arms to Iran. It took a week for Meese to agree to ask for a special prosecutor.

All told, given the evidence they had, Meese and his men showed a remarkable determination to see no evil. Whether or not they stepped over the legal line, that attitude is hardly appropriate for the nation's top law-enforcement officer.

LARRY MARTZ with
ROBERT PARRY in Washington